



COMMONWEALTH of VIRGINIA

Virginia Employment Commission

Ellen Marie Hess
Commissioner

Post Office Box 1358
703 East Main Street
Richmond, Virginia 23218-1358

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Contact: Jim Wilson (804) 786-7497

Virginia Employment Commission Announces Decrease in Employers' Tax Rates for 2017

Richmond--The Virginia Employment Commission (VEC) announced that the average Unemployment Insurance tax for employers is expected to decline \$22 per employee or about \$83 million in 2017. \$11.5 million will be reduced from the pool tax and the remainder will come from base tax rates for employers.

Effective 2017, Virginia's unemployment tax rates for experienced employers are to range from 0.13 percent to 6.23 percent, compared with 0.17 percent to 6.27 percent for 2016. The 2017 standard unemployment tax rate for new employers will be 2.53 percent, down from 2.57 percent for 2016.

The above 2017 tax rates include a pool-cost charge of 0.03 percent, compared with a pool-cost charge of 0.07 percent that was included in the 2016 rates.

Due to the VEC's Unemployment Insurance Trust Fund solvency being over 50%, the fund-building surtax of 0.2 percent will not be in effect again in 2017. The solvency level improved from 57% for 2016 rates to 68% for 2017 rates with the Trust Fund balance increasing by over \$200 million--\$825 million to \$1,029 million.

Virginia is on pace in 2016 to have the lowest initial claims since 1974, when the labor force was about half its current level. (2.2 million vs. 4.2 million)

Benefit charges for the last four fiscal years (2013-16) were \$228 million less than the previous four fiscal years (2012-15)—\$1.960 billion vs. \$2.188 billion.

Pool tax, benefits that could not be charged to a specific employer for the last three fiscal years (2014-16), fell \$9 million from the previous three fiscal years (2013-15) total--\$55 million vs. \$64 million.

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